

DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER

ISSUED JANUARY 23, 2008

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA
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December 14, 2007

**DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
New Orleans, Louisiana

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ended June 30, 2007, we considered Delgado Community College's internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the college's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*.

The annual financial information that Delgado Community College provides to the Louisiana Community and Technical College System was not audited or reviewed by us, and, accordingly, we do not express an opinion on that information. The college's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on Delgado Community College for the year ended June 30, 2006, we reported findings on unlocated and stolen movable property and internal controls not followed and missing funds. The finding on internal controls not followed and missing funds has been resolved by management. The finding on unlocated and stolen movable property has not been resolved by management and is addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2007.

Unlocated Movable Property

For the fourth consecutive year, Delgado Community College (Delgado) reported significant amounts of movable property that could not be located. Good internal control requires that adequate control procedures be in place to ensure that movable property is properly safeguarded against loss arising from unauthorized use or theft. In addition, Louisiana Administrative Code Title 34 Part VII Section 313 (A) states, in part, that efforts must be made to locate all movable property items for which there are no explanations available for their disappearance. Property unlocated after three years is permanently deleted from movable property records.

Louisiana Revised Statutes 39:324 and 39:325 require entities to conduct an annual inventory of movable property and identify amounts of unlocated property in an annual certification submitted to the Louisiana Property Assistance Agency (LPAA). Delgado submitted its annual certification of property inventory to the LPAA on June 22, 2007. At June 30, 2007, Delgado reported \$21,602,910 in total movable property and included unlocated movable property items totaling \$1,456,516. Items totaling \$435,659 were removed from the property records because they had not been located for three consecutive years. The unlocated property included \$977,235 of unlocated computers and computer-related equipment. Delgado also reported approximately eight items of movable property with an approximate value of \$8,353 as missing/stolen to the Legislative Auditor and the Orleans Parish District Attorney's Office during the current fiscal year.

Failure to adequately monitor, secure, and account for all movable property and locate those items for which there are no explanations available for their disappearance subjects the movable property of Delgado to increased risk of loss and/or unauthorized use and to noncompliance with state laws and regulations. Furthermore, because of the nature of services provided by Delgado, the risk exists that sensitive information could be improperly recovered from the missing computers and/or computer-related equipment.

Management of Delgado should strengthen internal control over movable property to ensure that all movable property is adequately secured and monitored, physical inventories are conducted accurately, and additional efforts are devoted toward locating movable property reported as unlocated in previous years. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A).

The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvements to the operations of Delgado. The nature of the recommendation, its implementation cost, and its potential impact on the operations of Delgado should be considered in reaching decisions on courses of action.

This letter is intended for the information and use of the Delgado Community College and its management, others within the college, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

KML:JR:PEP:dl
DCC07

Management's Corrective Action
Plan and Response to the
Finding and Recommendation

CONTROLLER'S OFFICE

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December 14, 2007

Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

Dear Mr. Theriot:

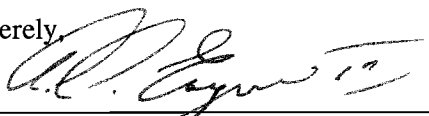
Management of Delgado Community College concurs with the finding and recommendations related to Unlocated and Stolen Movable Property. It is important to note that the current year value of theft reported decreased by 83% over prior year. Also during the past fiscal year, several departments within the college relocated certain inventory to temporary staging areas awaiting final preparations to be surplus. As a result some of these items were inadvertently reported as unlocated on the 2007 Certification of Annual Property Inventory Report dated June 22, 2007. Subsequent to the submitted annual inventory, additional searches were conducted for unlocated property in these staging areas and in areas previously not accessible to our personnel. As a result, the current year reported unlocated inventory has been reduced from \$321,338 to \$186,230. This significantly decreases the current year unlocated by 61% over prior year.

In addition, the college recently secured space to store inventory that needs to be prepared for surplus and also has been able to hire temporary staff to assist with these efforts.

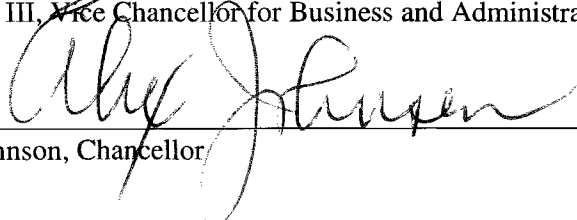
The college will continue to strengthen controls related to property control by reviewing current policies and procedures related to property control. Property Control staff will conduct necessary training with college personnel that are responsible for property, in order to communicate any necessary changes in policies and procedures. College management will assist Property Control staff to mandate adherence with property control policies and procedures. Property Control staff will continue to work with the Director of Campus Police to determine what improvements can be made that may possibly help to further reduce the risk of inventory thefts.

The person responsible for corrective action is A.C. Eagan, Vice Chancellor of Business and Administrative Affairs.

Sincerely,



A.C. Eagan, III, Vice Chancellor for Business and Administrative Affairs



Dr. Alex Johnson, Chancellor